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IRAQI AGGRESSION AND THE CONTINUED OCCUPATION OF KUWAIT IN FLAGRANT VIOLATION OF THE CHARTER OF THE UNITED NATIONS

SECURITY COUNCIL
Forty-sixth year

Letter dated 20 March 1991 from the Permanent Representative of Japan to the United Nations addressed to the Secretary-General

With reference to your inquiry dated 23 January 1991 regarding any action taken by the Government of Japan to alleviate the economic problems resulting from the application of sanctions against Iraq, I have the honour to transmit herewith information regarding Japanese economic assistance to Jordan, Turkey and Egypt, as well as to Sri Lanka and the Philippines (see annex).

I should be grateful if you would arrange to have the text of the present letter and its annex circulated as an official document of the General Assembly, under agenda item 153, and of the Security Council.

(Signed) Yoshio HATANO
Ambassador Extraordinary
and Plenipotentiary
Permanent Representative of
Japan to the United Nations

ANNEX

Aid of the Government of Japan to States that are adjacent to the Gulf crisis area

In September 1990, the Government of Japan announced that it would extend economic co-operation of approximately $US 2 billion to Jordan, Turkey and Egypt, which were experiencing serious economic difficulties as a result of the Gulf crisis.

(a) At the time of his visit to these Middle Eastern countries in October 1990, Prime Minister Kaifu announced that the Government of Japan would provide untied emergency commodity loans (ECLs) of $US 600 million, with the very low interest rate of 1 per cent, and that, in response to the urgent requests of these Governments, Japan was prepared to extend additional project assistance of $US 370 million. The procedures for the provision of ECLs have now been completed:

Jordan	$250 million (ECL $100 million; other, $150 million)
Turkey	$300 million (ECL $200 million; other, $100 million)
Egypt	$420 million (ECL $300 million; other, $120 million)

(b) In addition, in the light of developments in the area, including the outbreak of war between the multinational forces and Iraq, which increased the economic impact on the front-line countries, and recognizing the need to address the situation promptly, on 5 February the Government of Japan decided to allocate the remaining $US 1.03 billion (in untied ECLs, with the interest rate of 1 per cent), as follows:

Jordan	$450 million
Turkey	$400 million
Egypt	$180 million

The total economic cooperation to be extended to each country is as follows:

Jordan	$700 million
Turkey	$700 million
Egypt	$600 million
Total	$2 billion

Official development assistance loan to Sri Lanka

The Government of Japan has decided to extend an official development assistance (ODA) loan of up to 38.353 billion yen to the Government of the Democratic Socialist Republic of Sri Lanka in order to contribute to the economic development of the country. Notes were exchanged on 8 January at Colombo between Mr. Isamu Nitta, Japan's Ambassador to Sri Lanka, and Mr. Ramalingam Paskaralingam, Secretary, Ministry of Finance of Sri Lanka.

This loan is made available from the Overseas Economic Co-operation Fund, under the following terms:

For project loans - interest rate, 2.5 per cent per annum; repayment period, 30 years (including a 10-year grace period); procurement method, general untied;

For the Greater Colombo Telecommunications Network Improvement Project - LDC untied for consulting services and LDC untied for other projects;

For the Economic Restructuring Loan - interest rate, 2.5 per cent per annum; repayment period, 25 years (including a seven-year grace period); procurement method, general untied.

The present ODA loan will be used for the following:

(1) Project loans

(a) Greater Colombo Telecommunications Network Improvement Project (II) (up to 10.968 billion yen);

(b) Port of Colombo Extension Project (II) (up to 11.021 billion yen);

(c) Samanalawewa Hydroelectric Power Project (III) (up to 3.264 billion yen);

(2) Economic Restructuring Loan (up to 13.1 billion yen).

In view of the serious effects which the situation in the Gulf is having on the Sri Lankan economy, the present loan is 27 per cent higher than that of the previous fiscal year, and the "quickly disbursed" non-project part is more than four times higher. The loan is made with a view to supporting the country's structural adjustment efforts and to improving its balance of payments. With this loan, the ODA loans which Japan has extended to Sri Lanka amount to a total of 267.316 billion yen.

Aid to the Republic of the Philippines

On 26 February 1991, the Government of Japan announced that it would extend to the Government of the Philippines in the fiscal year 1990 the following official development assistance of up to a total of 205.3 billion yen (equivalent to approximately $US 1.57 billion) in support of ongoing economic reforms and in view of the country's present economic difficulties.

I. Loan aid

1. 28.2 billion yen has been provided for the reconstruction of districts suffering earthquake damage.

2. 36.7 billion yen will be extended by the Overseas Economic Co-operation Fund under the Association of South-East Asian Nations (ASEAN)-Japan Development Fund.

3. 120.4 billion yen will be extended for projects and non-projects under the 17th Yen Loan Package:

(a) Project loan:

83.4 billion yen for 14 selected projects in accordance with the developmental targets of the Medium-term Development Plan and to address issues of environmental protection and natural resources conservation;

(b) Non-project loan:

37 billion yen will be extended in a co-financing arrangement with the World Bank and the Asian Development Bank, in the light of the present condition of the Philippine economy, which has been seriously affected by the Gulf situation.

II. Grant aid and technical cooperation

The Government of Japan will extend grant aid of 20 billion yen in fiscal year 1990. Most of the projects concerned are in the area of basic human needs and are in support of the Medium-Term Development Plan, whose major aim is the elimination of poverty.